

INTERCONNECTIONS IN A DISTRIBUTION TRIAD
THE CASE OF FRESH FRUIT AND VEGETABLE WHOLESALING
IN FRANCE

Catherine Pardo

EMLYON Business School – 23, avenue Guy de Collongue
69134 Ecully Cedex – France
pardo@em-lyon.com

Sophie Michel

EMLYON Business School – 23, avenue Guy de Collongue
69134 Ecully Cedex – France
michel@em-lyon.com

Abstract

This work-in-progress paper deals with business to business distribution with a strong focus on the relationships developed by a distributor with its customers and its producers.

The empirical setting of this research is the French fresh fruit and distribution that was affected by a vast disintermediation movement during the 80s. Nevertheless, fresh fruit and vegetable wholesalers still exist in France; indeed, some of them are very powerful. One hypothesis that can be formulated is that these leaders have found positions in the distribution networks that enable them to manage the relationships with the producers on the one hand and their relationships with customers on the other so as to benefit from a “synergistic effect” (Ritter, 2000) between both kinds of relationships.

We are using “triadic” concepts already developed by several authors (Choi & Wu, 2009; Havila; 1996; Holma 2012; Ritter, 2000; Smith & Laage-Hellman, 1992) to show how the relationships a French fresh fruit and vegetable distributor has with its suppliers on one side and its customers on the other have an impact on each other and make it possible - through different “movements” – for the distributor to build a new position.

Keywords

Business to business distribution – Triads – Interconnections

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Track: Managing Industrial Networks

Interconnections in a distribution triad

The case of fresh fruit and vegetable wholesaling in France

INTRODUCTION

Business to business distribution (or wholesaling) is concerned with all the activities in which “*goods are bought for business or institutional purposes (as distinguished from personal or ultimate consumption)*” (Beckman, Engle & Buzzell, 1959, p. 3). Business to business distribution is an important economic sector. In France, it represents more than 126000 companies, employs nearly one million people and accounts for 6.5% of the national added value. The economic importance of business to business distribution is a characteristic of many countries: the US (Samli, 2007), Australia (Jonhston, Porter, Cobbold & Delamore, 2000) Ireland and Britain (Dawson, 2007; Quinn & Sparks, 2007) and also developing countries (Samli & El-Ansary, 2007). Yet, the topic remains largely overlooked by academic research.

This paper deals with business to business distribution with a strong focus on the relationships developed by a distributor with its customers and its producers. Our purpose is to show how the relationships a business to business distributor has with its suppliers on one side and its customers on the other have an impact on each other, and, more precisely, what makes this impact positive (or not) for the actors involved. Or, in other words, what the nature of the *interconnection* of relationships in a distribution setting really is.

The starting point for this research lies in the specific situation of business to business distributors involved in the fresh fruit and vegetable distribution in France. This sector was affected by a vast disintermediation movement during the 80s with most of the food retailing companies (that have for long been traditional customers of fresh fruit and vegetable wholesalers) contracting directly with producers through internalization of wholesaling activities. Nevertheless, fresh fruit and vegetable wholesalers still exist in France and some of them are quite powerful. One hypothesis that can be formulated is that these leaders have found specific positions in the distribution network.

The simplest representation of a distribution context is that of a distributor (the wholesaler), a supplier (a producer of fresh fruit and vegetable in our case) and a customer (whether it is a food retailer, a restaurant, a canteen, or a catering company). Then, “triads” appear as an interesting concept to be mobilized in the case of business to business distribution. Most of the works on triads in social science refer to Simmel (1950), but have already inspired several authors in the business to business field (Choi & Wu, 2009a & b; Havila, 1996; Havila, Johanson & Thilenius, 2004; Holma, 2010 & 2012; Smith & Laage-Hellman, 1992; Vedel, 2010; Wu & Choi, 2010).

Our paper is organized as follows. First we are going to review the literature dealing with triadic perspectives and suggest adapting the concepts developed by several scholars to the business to business distribution situations. Then, we go on to describe the case of Freshco Blue Earth (FBE)¹, a leading actor of the fresh fruit and vegetable distribution sector organized around the different stages of the development of its relationships with producers and customers. We continue by discussing the FBE case using the triadic concepts. Finally, we are going to discuss the implications of the adoption of a triadic perspective to study business to business distribution phenomena.

¹ For confidentiality reasons, the name of the company has been changed

BUSINESS TO BUSINESS DISTRIBUTION FROM A TRIADIC PERSPECTIVE

THE INTEREST OF A TRIADIC VIEW

Considering business to business distribution from the point of view of the distributor means building at least a tripartite representation of exchanges. Several authors (Choi & Wu, 2009a & b; Havila, 1996; Havila, Johanson & Thilenius, 2004; Holma, 2010 & 2012; Smith & Laage-Hellman, 1992; Vedel, 2010; Wu & Choi, 2010) have used (or commented on the use of) triads in their works.

Havila (1996), working on the role of an intermediary in international business insists on the necessity to use a triadic approach for the study of the intermediation phenomenon, as only triads can reveal the “*different role intermediaries may have*” (p. 18). Phillips, Liu and Costello (1998) also insist on the fact that studying a three-member relationship necessitates “*analysing each dyadic relationship in the context of the other two*” (Phillips, Liu & Costello, 1998, p.79). More recently Havila et al. (2004) reaffirm the interest in adopting a triadic perspective when studying intermediation phenomena. Even more recently, Choi and Wu (2009a) argue that a triad is the simplest network to enable the issue of how one relationship affects another to be addressed. Though Dubois (2009) contests the idea defended by Choi and Wu (2009a) that triads must replace dyads in the analysis of networks, she nevertheless recognizes that “*the question of how dyads influence or are influenced by other dyads in a triad*” is of interest.

DIFFERENT TYPES OF TRIADS

For Havila (1993) there are cases where, in a triad, all three parties (in our case the producer, the distributor and the customer) have direct contact with each other. In such a case, the triad is considered a “*unitary phenomenon*” and works as a “system” or a “group”. Nonetheless, there are triadic cases where all contact between the producer and the customer goes through the distributor. In their study of international distribution, Havila et al. (2004) only consider *unitary triads* where not only is the distributor in contact with the supplier and the customer, but there is also direct contact between the customer and the supplier. More recently Vedel (2010), in her PhD thesis, distinguishes between “close” and “open” triads and limits her observation to “*true*” close triads where supplier, intermediary and customer interact with one another.

Choi & Wu (2009), along with Rossetti and Choi (2005 & 2008) consider both types of triads (unitary and serial). They point out that when the intermediary totally mediates the triadic relationship (there is no contact between the supplier and the customer) this does not mean that the producer and the supplier do not know each other but that their activities do not interfere.

Holma (2010 & 2012) proposes retaining three types of triads: unitary, serial and bridge. Unitary triads are characterized by a division of work between the three actors and the intermediary adapts its role to different situations. In serial there are interactions mainly between customer and supplier. In *bridge triad*, there is no direct link between the customer and the supplier; this is the role of the intermediary to act as a link.

TRIAD DYNAMICS

Several authors have investigated the nature of what happens within triads. Two types of events have been investigated. For instance, Smith and Laage-Hellman (1992) are particularly interested in “*transformation patterns*” and the way “*a focal actor can choose to transform its relationships*” in triadic context (Smith & Laage-Hellman, 1992, p. 51). Ritter (2000), as for him, tries to identify the nature of the *impact* a dyad can have on other dyads in

a triadic context. Recently, Harrison, Holmen and Pedersen (2012) have been focusing on *role* dynamics within triads. These different perspectives offer rich support when looking at the distribution phenomenon.

TRIAD EVOLUTIONS/TRANSFORMATIONS

Smith and Laage-Hellman (1992) clearly identify distribution triads as a specific type of triad. The empirical material used in their work (the Jolson / bell / AMH case) relates to a distribution situation. In distribution triads, the interconnection between the producer/distributor dyad and the distributor/customer dyad is explained by a situation of structural dependency among their activities: the producer/distributor dyad is dependent on the existence of the distributor/customer dyad. If ever the producer or the distributor stops their activity then the distributor/customer dyad or the producer/customer dyad is directly impacted.

Smith and Laage-Hellman (1992) are particularly concerned by the transformation an actor (in a triad) may bring to bear on the relationships existing in the triad. The authors discuss several reasons why a supplier would try to address the customer direct by leap-frogging the distributor. In certain cases, this may offer advantages for all three parties (for instance in the case of innovation). In other cases the direct approach is justified by economic advantages (for the suppliers, or the customer, or both...). Sometimes, going direct is explained by the fact that the distributor has already committed to a competing supplier, or because the distributor doesn't want to commit resources to an innovation proposed by a supplier. Finally, seven transformation patterns are identified and described (*Avoidance; Flanking; Combination; Bridge; Displacement; Separation* and *Blocking*). Let's have a look at them so as to adapt them to the specific case of distribution triads.

- *Avoidance* illustrates situations, where, for instance, the producer by-passes the distributor to reach the customer or the customer by-passes the distributor to source directly. In the fresh fruit and vegetable sector this is illustrated, for instance, by the movement of the retailing sector internalizing wholesale activities.
- *Flanking* situations refer to situations where a producer establishes a direct contact with the customers and get them to “press” the distributor “*to change its operating style*” (Smith & Laage-Hellman, 1992, p. 53).
- In the *combination* situation, two actors of the distribution triad choose to pool their resources and coordinate their activities in the context of their relationships with the third actor of the triad. Analysing their empirical material, Smith and Laage-Hellman (1992), consider as a “combination” the supplier and distributor approaching the customer together for a price rise.
- *Bridge* situations can directly be interpreted as intermediation situations in the sense that a producer chooses a distributor to address a customer. Bridging is the essence of intermediation! Bridging happens whenever producers use distributors to reach the customers or customers use distributors to read the offering market.
- *Displacement* qualifies a situation where an existing dyad is interrupted by a third actor. In this case a “*new relationship is being formed and an existing one ended*”. In the case of distribution triads this situation may describe a producer choosing another distributor to address customers. Or, a distributor finding “*alternative sources of generically similar products*” (Smith & Laage-Hellman, 1992, p. 58). Or even customers choosing another distributor to source products from producers.
- *Elaboration* and *blocking* describe movements where one actor establishes an indirect relationship with another actor. They are considered by Smith and Laage-Hellman (1992) as “*a means of distancing oneself from an interaction partner*” (p. 57). “Elaboration”

makes it possible to give protection against uncertainties while “blocking” is a higher level of “separation” and tends to “*reduce the hostility*” between two parties (Smith & Laage-Hellman, 1992, p. 57). For instance, analysing their empirical material, the authors show how the distributor develops services and globally “*broadens its support role*” with the customer “*like anybody else*” (Smith & Laage-Hellman, 1992, p. 57) so as to keep competitors (suppliers included!) at a distance. This is a blocking movement.

Holma (2010) focuses on the transformation operated in a triad made up of service suppliers (airlines and hotels), a company (the customer) and a travel management company (playing the role of the intermediary). She describes how “bridge” situations between the three actors transform into “serial” ones...

Harrison, Holmen and Pedersen (2012) building on previous works are also interested in “exploring” dynamics within triads. They suggest “*studying triads through the lens of roles and positions in addressing the question of how do triads’ role dynamics play out*” (Harrison et al., p. 2). They are particularly focusing on the issue of continuity and change in role performance. Their analysis “*is based on whether a relationship is in a state of continuity and change, and whether a counterpart to that relationship appears in a single or multiple roles in a changing or continuity state*” (Harrison et al., 2012, p. 2). They identify three triadic settings. In the “diamond” setting, there is a focal dyad and the dynamic is about how to organize the relationship with the third actor. In the “align unitary”, the three actors of the triad don’t change, but the dynamic occurs because the activities (within each dyad) evolve. In the “timer setting”, the focus is on an actor involved in several triads, and dynamics in the triad occur because a focal actor changes its role because it belongs to several triads.

WHEN A RELATIONSHIP AFFECTS ANOTHER RELATIONSHIP IN A TRIAD: INTERCONNECTION

Interconnection can be defined as a situation where “*a given relationship affects or is affected by what is going on in certain other relationships*” And the concept “connectedness” refers to these connections between a company’s relationships (Håkansson & Snehota, 1995, p. 17). Ritter (2000) proposes classifying the different impact one dyad in a triad can have on the other dyads, depending on the neutral, positive or negative effect it has. Different effects (*Neutrality; Assistance; Hindrance; Synergy; Lack; Competition...*) are identified and described. Let’s have a quick look at what is at stake within each of these situations, and let’s try to apply the framework to the situation of a “distribution triad” consisting of a producer (P), a business to business distributor (D) and a customer (C). In such a distribution triad, three dyadic relationships are potentially identifiable: the PD relationship (between the producer and the distributor); The DC relationship (between, the distributor and the customer) and a possible PC relationship (between the producer and the customer dealing directly together).

- The *neutrality situation* as identified by Ritter (2000) would correspond to situations where the DP and the DC relationships are totally independent from each other. Such a situation is impossible to figure out in the sense that the mere existence of a distributor is to connect producers and customers. Products bought from the producers by the distributor are to be sold to the customers. Neutrality cannot exist in the sense that the same resource (the products) moved from the producer to the customer then links them together. We can, nevertheless consider a “*neutral*” impact when, beyond the products bought and sold, there is no noticeable impact of one dyad on the other.
- *Assistance effect* describes situations where “*experiences*” created for instance in the DP relationship can be used in the DC relationship or vice-versa. This may be the case when new products are developed in collaboration between distributors and their producers and are then offered to the customer base. On the other hand, the knowledge a distributor has

developed about its customers in the DC relationships can be the basis for a product development in the DP relationship.

- *Hindrance effect* refers to situations where, for instance, the PD relationship is hindering the DC relationship (or vice versa) but there is no impact in any other sense. Situations of this type may happen for instance if a customer ceases to order one type of product from the distributor, which, in turn, stops sourcing it from the producers. But there is no “return” effect of the impacted DP relationship on the DC one. This may happen for instance when final customers change their buying habits. Thus, when there is a food crisis, it only takes a few days for final consumers to change their habits thereby impacting the whole food industry chain.
- In the *synergistic situation*, the DP dyad supports the DC dyad and vice versa. For instance in the DP relationship a new product is developed and in the DC dyad the new product is sold. This situation complements the “assistance effect situation” with a reverse and interesting effect.
- The *lack effect* situation is considered a rather unstable situation. One relationship has a positive impact on the other, but the latter has a negative impact on the former. Only the absence of alternatives makes such situations happen. In the case of distribution triads, we can imagine innovations being developed in the PD dyad (just as in the “assistance” or “synergistic” situations) and bought by the customer (having then a positive impact in the DC dyad). There is a lack effect for instance if the customer demands price reductions and if the distributor and the producers are obliged to comply with the request because the customer is essential to the market.
- In the *competition* situation both dyadic relationships “weaken or even exclude each other”. This happens in situations when actors in the triad compete for the same resources. This situation seems difficult to imagine in the case of distribution in the sense that actors (producers on one side and customers on the other) that are connected by distributors are not competing in the same activities (and therefore resources).

Vedel (2010) recently built on both Smith and Laage-Hellman (1992) and Ritter (2000) to work on a specific intermediation triad and proposes five patterns of intermediation. *Brokerage* “separates” the supplier and customer. *Cohesion* is a case where relationships strengthen each other. *Avoidance* describes a case where, for instance, the producer and the customer have a direct relationship without any participation of the distributor (disintermediation). The *initiation/bridging* patterns describe cases where the intermediary initiates contact between the producer and the customer that are otherwise disconnected. *Flanking* describes a situation where two actors (the producer and the distributor, or the distributor and the customer) try to distance themselves from the third one.

SYNTHESIS

Though triadic approaches are said to be overlooked as settings to observe relationships, there are already several works that are worth noting and are being used for the analysis of distribution phenomena. All these works converge on the relevance of using triads as settings to observe *relationship dynamics*. Dynamics can then be seen as a question of how these triadic settings evolve and transform. This is mainly the objective of Smith and Laage-Hellman (1992). Dynamics can also be seen as a question of how one dyad impacts another dyad in the triad. Ritter (2000) provides us with a typology to describe such impacts. Finally, dynamics in a triad can also be analysed through what initiates changes (or stability) in a triad (this is the perspective initiated by Harrison et al., 2012)

Our objective is to reconcile these different perspectives and to propose an integrative framework that makes it possible to capture dynamics in triadic settings from the different perspectives presented above.

THE FRESHCO BLUE EARTH (FBE) CASE

This work in progress is based on an in-depth analysis of the Freshco Blue Earth (FBE) case². FBE is a part of the Freshco Group (a leading French company in food distribution) specialized in the fresh fruit and vegetable distribution. Data was gathered on the basis of 18 in-depth interviews carried out within the Freshco Group. Complementary interviews were carried out with several experts from the sector (consultants of the food sector; ...). An additional important work of second-order data analysis was also conducted (sector analyses; statistics; companies' websites...)

In France, the fresh fruit and vegetable trade is mainly that of very small organisations. The 10 biggest companies account for less than 20% of the total turnover of the sector that remains thus very atomistic. 65% of the companies count less than 10 people. 20000 people work in the 1916 companies that make up this sector. 4 types of actors can be identified: SME's generally family owned; big companies with family ownership; cooperatives and networks of independent actors.

Freshco Blue Earth (FBE) is one of the 6 branches of the Freshco Group. FBE is specialized in the distribution of fresh fruit and vegetable (500,000 tons of fruit and vegetables are distributed per year). Freshco holds the position of leader or co-leader in all of its businesses. FBE has 3094 employees and a 2011 turnover of 889 million Euros. The whole Freshco Group has 8900 employees and a 2011 turnover of 2.8 billion Euros. FBE is thus the biggest branch of Freshco.

FBE's customers are actors of the commercial (restaurants, hotels...) or collective (company canteens, schools, hospitals...) catering sector with a special focus on this last sector. FBE also serves specialized retailers. Freshco suppliers are producers, organizations of producers, importers, fishmongers located in France or all over the world.

In the 60s, FBE was one of the very first fresh food wholesalers to bet on the development of fresh food retailing. In 1971, FBE served one supermarket out of two in France. At that time, super and hypermarkets – the new giants of retailing – did not even think of going direct to wholesale markets: they wanted fruit and vegetables to be delivered direct to their stores. FBE was followed by a hundred or so other companies which chose to get out of the traditional wholesale market (customers do not have to see the products no more...) and invest in new logistic means that were necessary to address this new customer base of hypermarkets and supermarkets. These customers were particularly demanding on grading (sizing) products (which imposed costs on producers), delivery conditions and of course... prices.

As a first-mover in this trend, FBE quickly became the major supplier of the food retailing stores. To accompany the development of hypermarkets, FBE developed new kinds of services with them, particularly the "ordering by phone" that was a central and innovative tool for this activity. Important adaptations of resources were necessary for FBE: warehouses were totally reorganized, new quality standards were introduced, packaging workshops were created, sales promotion tools were developed... Nevertheless, for FBE these were years of euphoria.

² For confidentiality reasons, the name of the company is kept disguised

But, in the middle of 70s, certain department stores started integrating wholesale activities... This movement didn't yet affect the super and hypermarkets, but the management team seriously considered the phenomenon. In the 1980s the thread of having the food retailing sector internalizing wholesaling activities became a reality. It affected first the dairy sector, then the frozen products. And within a few years it was the turn of the FBE fresh fruit and vegetable activity to be affected by the evolution. Between 1990 and 1992 FBE lost most of its customers in the retailing sector. At that time, stores like Carrefour, Leclerc, Casino, Auchan integrated wholesaling activities by developing their own logistic networks whether they were integrated or subcontracted. To prevent any amplification of the movement, different actions were decided on by FBE. A first decision was made to reinforce the activity upstream. In 1982, FBE acquired pineapple and banana plantations in the Ivory Coast. In Morocco FBE acquired tomato plantations. The same was done with a company that specialised in potato seeds and also in forcing rooms (for instance for endives). But the evolution seemed unavoidable. At the end of the 90s FBE was only used by the food retailing sector as an "emergency actor"...

Finally, the decision was made to enter a new customer sector: the foodservice market. This market is supported by the growth of "Out of Home" eating. In France, OOH eating concerns more than 15 million people each day. The foodservice market is organized around social catering (56% of lunches served) and commercial catering (44% of lunches). Commercial catering includes all the traditional restaurants, cafes, theme restaurants, fast food and cafeterias. Social catering concerns more than 73000 restaurants and covers school meals (schools and universities), hospital catering (and also nursing homes) and company catering. This customer base cannot be considered as totally new for FBE as it has always had a small number of catering actors (mainly the Education, Health and Defence sectors) in its portfolio. A national division was created in the 90s so as to serve big customers of these sectors on a national basis. This was the case first with social catering and then, more and more with the commercial catering.

But reorientation toward this new customer base has not been without consequences. The new customers have different behaviours. The offering must be adapted to these new customers. For instance, as fresh fruit and vegetable in the catering sector are eaten the same day they are bought they must display perfect ripeness. Furthermore, as catering covers both school canteens and gastronomic restaurants, the range of products must be considerably enlarged. Finally, national customers have a strong demand for a homogenous service all over the country, in every location where products are delivered.

By changing customer targets (from food retailing to collective catering and then commercial catering), FBE has also to change its purchasing behaviour. There was a rise in the number of references to be bought so as to meet the needs of the new customers that were much more diversified than the more calibrated ones of the food retailing sector. For instance, the tomato you are selling to the retail sector with a brand name and very precise specifications is not the one the collective catering (for instance a school canteen or a hospital canteen) needs. This is the case for the Pulpa Tomato. Pulpa was launched in 2007 and developed directly with a seed company. It is the answer to the needs of customers who were looking for a product facilitating their work. This tomato displays a rather lengthened shape and has a generous and coloured flesh. It is also less juicy than the classical tomato. It is thus particularly suited to sandwiches. Tests of cultures were carried out at the end of 2006 in Spain and were the subject of partnership agreements with certain Iberian producers for the 2007-2008 season. At the end of 2007, FBE signed a partnership agreement with French producers for the 2008 summer season.

CASE DISCUSSION

Our purpose is now to discuss the dynamics at stake within the “producers / FBE / customers” triad, when customers evolve from food-retailing companies (super and hypermarkets) to collective catering and then to commercial catering. We are going to articulate this discussion around concepts presented in the previous part. We are going to continue with: FBE the distributor (P), customers (C; evolving from food retailing stores to catering companies and restaurants), and producers of fruit and vegetables (P). DP is the relationship between FBE and its producers. DC is the relationship between FBE and its customers. CP designates the relationship that may occur directly between customers (mainly food retailing companies) and fresh fruit and vegetable producers.

1/ An initial movement can be identified when FBE chooses to accompany the development of food retailing and particularly the growth of super and hypermarkets. This movement can be considered a “*bridging*” movement. But contrary to usual descriptions (see Smith & Laage-Hellman, 1992), the decision to bridge is initiated by the new customers. There is a necessity for retail food to find support to be able to address the producer markets for very large volumes. The PD relationship supports the DC relationship, because the distributors are the only ones at that time to be able to supply super and hypermarkets with the huge amounts of fresh products that are necessary.

- D *bridges* C & P
- PD impacts positively on DC (it enables the growth of supermarkets and also that of FBE)
- DC impacts positively on PD (it provides producers with huge amounts of sales)

The triad is in a “*diamond setting*” (Harrison et al., 2012) where the food retailing sector and the producers choose to use wholesalers to get connected. It experiences “*bridging*” dynamics (Smith & Laage-Hellman, 1992) opening on to “*synergistic*” impacts (Ritter, 2000).

2/ Super and hypermarkets become more and more powerful. This power is so strong in the 70s and the 80s that they can be considered, at that time, as the key players in the food industry. Adaptations are made by FBE, as a leader, to continue aiming at these customers.

- D is still *bridging* P&C
- The triad is also experimenting a “*blocking*” dynamic with FBE investing in new resources so as to keep ahead of its competitors in aiming at super and hypermarkets
- PD still impacts positively on DC (the relationships FBE has with producers still enable it to support the growth of super and hypermarkets)
- DC has both a positive impact on DP (FBE enables producers that are mainly small to have access to the very large outlet constituted by super and hypermarkets) and a negative one (as super and hypermarkets are particularly demanding, refusing to buy certain products and putting pricing pressure on both distributors and producers).

The triad is in an “*align unitary*” setting (Harrison et al., 2012) with the three actors of the triad continuing to be the same but with changing activities. The new dynamic at stake is a “*blocking*” one (Smith & Laage-Hellman, 1992) displaying “*lack effect*” (Ritter, 2000; positive/negative mutual impact of DC on DP and DP on DC).

3/ Being large enough, supermarkets and hypermarkets integrate wholesaling activities and are now contracting directly with producers.

- C is *avoiding* D. Integrating wholesaling activities is a means for supermarkets and hypermarkets to “*avoid*” wholesalers.

- But the avoidance is not “total” as FBE can be kept to complement direct sourcing between retailing and producers. The situation can then be analysed as a “*flanking*” one, where the food-retailing companies want to specialize wholesalers in a specific set of activities.
- CP impacts negatively on DC (the more super and hypermarkets deal direct with producers, the less FBE deals with super and hyper markets).
- DP has now a limited impact on DC (FBE can be called in as an emergency supplier...)

The triad is in a “*timer setting*” (Harrison et al., 2012) - super and hypermarkets change their roles because they have gained new power in another triad, the one that included final consumers – and finally experience “*avoidance*” and a “*flanking*” dynamics (Smith & Laage-Hellman, 1992), displaying a clear “*hindrance*” impact (Ritter, 2000) with the negative impact of one dyad (customers/producers) on the other (distributors/producers), but no impact in any other sense...

4/ Actions are carried out by FBE to regain power by monitoring other parts of the value chain (production or even transformation).

- D develops its role by integrating production and transformation activities
- DC impacts negatively on DP (to the extent that if FBE becomes a producer it is directly competing with other producers).
- DP still has a limited impact on DC (FBE can be called in as an emergency supplier...)

The triad is in a “*timer setting*” (Harrison et al., 2012) where the distributor changes its role as it becomes part of another triad when evolving towards production activities - experiencing a “*blocking*” dynamic (Smith & Laage-Hellman, 1992) - as new activities developed by the distributor tend to reduce uncertainty – resulting in a “*hindrance*” impact (Ritter, 2000) because of the negative impact of the distributor appearing as a new producer.

5/ FBE chooses to enter a new customer base by addressing the foodservice sector

- D initiates new relationships with new customers and thus enters a new triad
- DC (with C now being the catering industry) has no specific impact on DP
- DP has no specific impact on DC

At this stage, the triad appears as a “*timer setting*” (Harrison et al., 2012) - the distributor changes its role because it becomes part of another triad when becoming the distributor of a new industry, catering - and experiences a “*displacement*” dynamic (Smith & Laage-Hellman, 1992) – the previous triad incorporating super and hypermarkets is interrupted by the emergence of the catering industry as a new customer base - displaying a “*neutral*” impact (Ritter, 2000).

6/ FBE and producers develop new resources to address the new customer base in an efficient way...

- D develops new resources and thus reinforces its role towards the catering industry
- DC impacts positively on DP (offering an outlet for broader ranges of products that are less standardized than in the food retailing stores).
- DP impacts positively on DC (with the creation of new products dedicated to specific customer behaviour)

At this stage, the triad appears as a “*diamond*” setting (Harrison et al., 2012) – where the focal dyad of producers / distributors is organized to address the third actor - it experiences a

“combination” dynamic (Smith & Laage-Hellman, 1992) – with the distributors and the producers pooling part of their resources - displaying a “synergistic” impact ((Ritter, 2000).

Table 1 – Synthesis of dynamics within the producer / FBE / customer triad

Stage	Dynamics initiation (Harrison et al, 2012)	Dynamic at stake (Smith & Laage-Hellman, 1992)	Dyad interconnectedness (Ritter, 2000)
1/ FBE supporting the growth of super and hypermarkets	Diamond setting	Bridging	Synergistic
2/ FBE adapting its resources to the demands of powerful super and hypermarkets	Align Unitary	Blocking	Lack effect
3/ Super and hypermarkets internalizing wholesaling activities	Timer setting	Flanking and avoidance	Hindrance
4/ FBE going upstream in the value chain	Timer setting	Blocking	Hindrance
5/ FBE entering the catering market	Timer setting	Neutral	Neutral
6/ FBE and producers develop new resources to address the catering industries	Diamond setting	Combination	Synergistic

CONCLUSION

Several elements are worth pointing out at the end of this case discussion.

1st, It appears that the concepts developed by Smith and Laage-Hellman (1992), Ritter (2000) and by Harrison et al. (2012) are useful to support the understanding of the distribution case observed. They bring complementary perspectives to the distribution case. The first ones help us to qualify the movements the different actors intend to make in the network by focusing on what they represent for the other actors of the triad. The second ones help us to qualify the nature (positive or negative) of such an impact. The last ones, initiated by Harrison et al. (2012) tell us about the origins of the dynamics within a triad.

2nd, The case study confirms the interest for any company to develop a “network” analysis. Distributors of fresh fruit and vegetable must be aware of evolutions in consuming behaviour occurring downstream among consumers as they are going to impact their direct customers’ behaviour. Similarly, producers may consider in more precise terms the impact of their relationship with their distributors on the relationship the distributors have with their customers.

3rd, The current stage is the first one (in the observed period) to display dimensions of collaboration between two actors of the triad. What can be interesting to observe is that this dyadic collaboration (between producers and FBE) also necessitates a certain degree of collaboration between FBE and its customers - the catering companies - at least to allow FBE to acquire knowledge of the behaviour at stake in this industry. A future stage to be anticipated may be the collaboration implemented between the three actors of the triad with a new distribution of the activities between them subject to the resources that each of them is able to combine.

CONTRIBUTIONS, LIMITS AND FURTHER RESEARCH

First, we think that our research can contribute to enriching the field of business to business intermediation by providing an analysis of the phenomenon that is not carried out from just the producers’ or customers’ points of view (Gadde & Snehota, 2001).

Second, we think that our work builds on the issue of relationship interconnectedness considered as one of importance by several authors (Dubois, 2009; Ritter, 2000).

Third, our work may help to give the network approach, through the use of a triad “sub network setting” a more user friendly dimension in the sense that this sub network enables both to recognize the network aspect of business life but at the same limit the area where dynamics are much more readable.

Of course, this research is still at a work-in-progress stage and needs refinements to overcome its limits. The main limits are linked 1st/ to the specificity of the distribution setting observed and 2nd/ to the use of triadic concepts that are not totally stabilized in their definition. Further developments will make it possible for us to carry out similar analyses in other business to business distribution contexts (industrial supplies, electrical supplies...) and to qualify more precisely the dynamic at stake in these distribution settings and the implications for actors involved.

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